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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE WR 24-82

WASHINGTON, June 16--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

WORLD grain production in 1982/83 is forecast at 1.639 billion tons, down slightly from last month's estimate of 1.651 billion, primarily because of a decrease in production projected for the Soviet Union of 15 million tons. Production estimates for 1982/83 were raised in the United States, Mexico, Greece, and Italy.

World wheat production for 1982/83 is now forecast at a record 458 million tons, down slightly from last month's estimate of 462 million tons, but still up 1 percent from the previous record 1981/82 crop. The decrease in the 1982/83 estimate is due primarily to a 7 million-ton reduction in the Soviet crop. Elsewhere, the U.S. production estimate was raised by 1.8 million tons because of a slight increase in the area estimate and an upward adjustment in yield. Production estimates in Mexico and Italy were raised by 350,000 and 300,000 tons, respectively, due to improved growing conditions and a resulting upward adjustment in expected yields. An increase in Greece's area estimate and an improved yield outlook resulted in a 485,000-ton increase in Greek wheat production.

World coarse grain production for 1982/83 is currently estimated at 772 million tons, down slightly from last month's estimate of 779 million tons, and slightly lower than 1981/82 coarse grain production. A decrease of 8 million tons in Soviet coarse grain production is primarily responsible for the decline in this month's 1982/83 estimate. Elsewhere, larger crops are expected in Yugoslavia, Mexico, Greece and Italy, while production in India and Romania is expected to be down from last month.

World rice production for 1982/83 is projected at 410 million tons (rough basis), unchanged from last month's estimate and slightly below the 1981/82 estimate of 411 million. In India, rice production for 1981/82 was raised by 2 percent from last month's estimate to 81.1 million tons due to an increase in the area estimate of 500,000 hectares. In Bangladesh, the estimate for 1981/82 was raised by 98,000 tons because of an upward adjustment in yield.

OILSEEDS AND PRODUCTS

WORLD oilseed output for 1982/83 is forecast at 175 million tons, unchanged from the May estimate, but up 2.2 million tons or 1.2 percent from 1981/82. The 1982/83 projection is based largely on global trends in oilseed output and on assumed normal growing conditions. U.S. oilseed production of 66.1 million tons is forecast to be up 1.4 percent from a year earlier.

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LYNN KRAWCZYK, Editor, Tel. (202) 382-9442. Additional copies may be obtained from FAS Information Services Staff, 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.

World oilseed output for 1981/82 is estimated at 172.8 million tons, up 200,000 tons from last month. Slight upward revisions for India's peanut and flaxseed crops account for most of the change. Compared with 1980/81, a 14 million-ton rise in world oilseed output was recorded, concentrated principally in the United States, China, India and Argentina.

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JAPAN's imports of oilseeds and products during January-March 1982 amounted to 1.13 million tons, soybean meal equivalent (SME), 12 percent below the same 3 months a year ago. This represents the fifth consecutive quarterly decline in Japanese SME imports. Virtually all of the decline reflected reduced imports of meals, as oilseed imports remained roughly unchanged from January-March 1981.

Japanese imports of soybeans and meal during January-March 1981 accounted for 81.4 percent of total SME imports, compared with 79.7 percent in the previous quarter and 79.5 percent in January-March 1981.

Japan's quarterly import statistics for the current year and recent comparisions are as follows in 1,000 tons:

Soybeans and Meal 1/	1977/78	1978/79	1979/80	1980/81	1981/82
October-December	798	943	836	1,088	988
January-March	871	934	1,057	1,025	922
April-June	1,030	946	858	866	--
July-September	883	852	822	662	--
October-September	3,582	3,675	3,573	3,641	--

Other Oilseeds and Meals 1/	1977/78	1978/79	1979/80	1980/81	1981/82
October-December	247	198	237	247	241
January-March	252	252	258	265	211
April-June	242	296	299	219	--
July-September	196	257	237	235	--
October-September	937	1,003	1,031	966	--

Total Oilseeds and Meal 1/	1977/78	1978/79	1979/80	1980/81	1981/82
October-December	1,045	1,141	1,073	1,335	1,239
January-March	1,123	1,186	1,315	1,290	1,133
April-June	1,272	1,242	1,157	1,085	--
July-September	1,079	1,109	1,059	897	--
October-September	4,519	4,678	4,604	4,607	--

1/ Adjusted to soybean meal equivalent at 44 percent protein.

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The longest decline in Japanese SME imports in the past decade lasted seven quarters (October 1973 thru June 1975). Interestingly, Japanese oilseed and meal imports during periods of substantial price gains, such as in 1972/73 or 1976/77, did not decline. The current decline in Japanese oilseed and meal imports is probably the result of a rise in the value of the U.S. dollar in relation to the yen, relatively high interest rates resulting in some drawdown in stocks, and mixed feed output that has fallen below trend. Reduced profitability in livestock feeding and slowed economic growth are also thought to be important factors in reduced feed demand.

Japanese imports of soybeans and meal, in terms of meal, have never experienced more than five consecutive quarters of decline (April 1974-June 1975). The most recent decline (July 1981-March 1981) will not likely exceed the length of the previous one if mixed feed output turns upward. During the past 15 years, Japanese mixed feed output never registered 2 consecutive years of declining output.

COTTON

WORLD cotton production for 1982/83 is currently forecast at 67.7 million bales, 200,000 bales above last month's estimate because of higher preliminary provincial Chinese area and production statistics. Because of the highly tentative nature of these early season projections, however, world output is now expected to range from 64.2 million to 71.2 million bales. Most of the area increase in China is expected to occur in the north, where it is anticipated that cotton will be grown on reclaimed land and at the expense of traditional crops, such as corn and sweet potatoes. The United States is expected to account for the largest production decrease because of grower participation in the acreage reduction program. Foreign production, however, is still anticipated to be in line with last year's 55.2 million bales.

As the 1981/82 season draws to a close, world cotton production and area estimates remain unchanged from last month's estimates of 70.9 million bales and 33.4 million hectares, respectively.

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Demand for KOREAN cotton textiles continues weak in both domestic sales and exports because of sluggish economic conditions. Total 1981/82 cotton consumption is estimated at 1.55 bales, slightly more than last year. Exports of all textile products during January-April were valued at $1.8 billion, up 2 percent from last year. Cotton usage increased at the expense of manmade fibers because of lower 1981/82 cotton prices. However, the price of polyester fiber decreased from 72 to 68 cents per pound in early May.

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NICARAGUA recently implemented a new export incentive program that benefits cotton producers who export. The government will pay for cotton in dollar certificates, rather than at the less favorable official exchange rate. In addition, the program will eliminate export taxes on cotton. The multi-tier exchange rate system and the tax benefits are intended to increase production and foreign exchange earnings.

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TOBACCO

JAPAN announced a series of measures to liberalize trade, including tobacco products, on May 28. The measures affecting tobacco products included increasing the number of tobacco retailers handling imported tobacco products from 20,000 to 50,000 in Japanese fiscal year 1982 and 1983. By 1985, all tobacco retailers will be allowed to handle imported tobacco products. Also, advertising expenditure limitations for tobacco products on television and radio and in newspapers and magazines will be expanded to meet market situations. The measures will be carried out through consultations between domestic and foreign companies. The Japanese government will set up a study group to analyze the market situation and related problems for manufactured tobacco products in Japan.

HORTICULTURAL AND TROPICAL PRODUCTS

In HONG KONG, the worst rainstorm in 10 years earlier this month caused heavy losses to Hong Kong farmers, according to the U.S. agricultural officer. The 17 inches of rain, which fell within 48 hours, devastated approximately 1,000 hectares of vegetable land. The price of fresh vegetables shot up by about 30 percent due to short supply and many vegetable dealers in urban areas were forced to close their stalls for a few days. The damage by the recent rainstorm is reported to be the worst since 1961. Devastated vegetable land reportedly will not be able to produce the next crop for at least 2 months, and the local supply of fresh vegetables will probably remain short for the whole month of June. Demand for substitutes, such as frozen vegetables, is expected to expand during the next few months.

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BRAZIL's Sugar and Alcohol Institute (IAA) has announced the national production plan for 1982/83 (June/May), which calls for sugar and alcohol production of 9.0 million tons and 5.2 billion liters, respectively. The central and southern states (harvest and processing during June through mid-November) are authorized to produce 5.88 million tons of sugar, with the State of Sao Paulo accounting for 4.38 million tons, or nearly 75 percent of the regional total. Sao Paulo is also the leading alcohol producing state, and is authorized to produce 3.57 billion liters of alcohol or 69 percent of total planned national output. States in Brazil's north and northeast (harvest and processing during September through mid-April) are authorized to produce the remaining 3.12 million tons of sugar under the new plan.

The 1982/83 plan surpasses 1981/82 output of an estimated 8.5 million tons of sugar and 4.3 billion liters of alcohol. Brazil harvested a record 90 million tons of cane for sugar from 1.73 million hectares in 1981/82. An estimated 50.1 million tons of cane from 962,000 hectares was produced for direct processing into alcohol. Under normal conditions, 1 ton of cane will yield between 65 to 70 liters of alcohol. Brazil's total alcohol production also includes alcohol produced as a residual from sugar production, estimated at 7 liters per 60 kilograms of sugar.

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Potato production in 1982 for SELECTED COUNTRIES (United States, Canada, Japan, and the European Community) is estimated at 54.188 million tons, down 0.5 percent from the 1981 level when unusually high yields were obtained in several of these countries. Estimated potato area in 1982 for these countries increased 2 percent to 1.895 million hectares. In the United States, potato prices remain above the 1977-81 average, which will likely result in a 6 percent increase in area to 526,000 hectares, the highest level since 1978. U.S. production is forecast at 15.65 million tons, 3 percent greater than last year and the highest level since 1978.

Plantings in the European Community are up nearly 1 percent in 1982 to 1.134 million hectares, but production is forecast to be down 3 percent to 32.567 million tons as high 1981 yields in Denmark, France, West Germany, and the Netherlands are not expected to be repeated. This, combined with reduced U.K. area and production to control surpluses and slightly smaller Greek production, will result in smaller EC production despite greater planted area.

Area planted in Canada is expected to increase nearly 2 percent despite higher stock levels than a year ago and lower spring prices. Slightly over 110,000 hectares is estimated to have been planted, but better than average growing conditions will be needed in New Brunswick and Prince Edward Island areas to match last year's yields. Early season growing conditions are better this year than last in Quebec and Ontario, so production there is expected to be higher. In total, Canadian production for 1982 is forecast at 2.536 million tons, down less than 1 percent. Potato area in Japan is estimated down less than 1 percent to 125,000 hectares. However, production is forecast at 3.435 million tons, up 11 percent from the weather-reduced crop of 1981.

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EGYPT recently implemented a ban on imports of apples in an effort to retain foreign exchange for essential commodities. It is uncertain how long the ban will be in effect. During 1981, U.S. exports of fresh apples to Egypt were valued at $1.5 million, 54 percent greater than in 1980.

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INDIA's exports of black pepper in 1981 totaled 18,636 tons, 31 percent below 1980 shipments of 26,795 tons. The lower exports reflect increased competition in international markets from other producing countries, especially Brazil, whose exports were at record levels last year. Major markets for India's 1981 exports were the USSR 12,650 tons; Yugoslavia 1,145; Czechoslovakia 810; Canada 536; Italy 510; the German Democratic Republic 465; and the United States 443 tons.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 15, 1982		Change from previous week	A year ago
	$ per m. ton	$ per bu.	¢ per bu.	$ per m. ton
Wheat				
Canadian No. 1 CWRS-13.5%.....	199.00	5.42	-2	1/
U.S. No. 2 DNS/NS: 14%........	178.00	4.84	+1	203.50
U.S. No. 2 DHW/HW: 13.5%......	177.00	4.82	-7	205.00
U.S. No. 2 S.R.W..............	1/	1/	1/	157.50
U.S. No. 3 H.A.D..............	176.00	4.79	-5	213.00
Canadian No. 1 A: Durum.......	1/	1/	1/	1/
Feed grains:				
U.S. No. 3 Yellow Corn........	128.00	3.25	-5	157.50
U.S. No. 2 Sorghum 2/.........	1/	1/	1/	153.50
Feed Barley 3/................	1/	1/	1/	156.00
Soybeans:				
U.S. No. 2 Yellow.............	252.00	6.86	-12	296.00
Brazil 47/48% Soya Pellets 4/.	230.00	--	-4.00 5/	1/
U.S. 44% Soybean Meal (MT)....	223.00	--	-1.00 5/	255.00
EC Import Levies				
Wheat 6/......................	111.15	3.03	-13	93.95
Barley........................	84.50	1.84	-7	78.60
Corn..........................	97.40	2.47	-11	64.35
Sorghum.......................	96.95	2.46	+2	66.05

1/ Not available.
2/ Optional delivery: Argentine Granifero Sorghum.
3/ Optional delivery: Canadian Feed Barley.
4/ Optional delivery: Argentine.
5/ Dollars per metric ton.
6/ Durum has a special levy.

Note: Basis July delivery.

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